

Section 3 Free trade system threatened by the global economic crisis

1. Protectionism and the free trade system

(1) The rise of protectionism due to the economic crisis

For fifty years since the establishment of the GATT (General Agreement on Tariffs and Trade) framework in 1948 shortly after the end of World War II, the global economy has enjoyed sustained growth led by an expansion in international commerce thanks to free trade. However, the decline in demand and the contraction of trade finance, triggered by the global economic downturn, are expected to push down global export volumes for 2009 by 9%, the worst decline rate that the world has experienced since World War II. Moreover, as a consequence of the economic crisis, each nation now faces rising political pressure to seek protectionist measures, supposedly aimed at supporting domestic industries and securing stable employment. Worsening economic situations often motivate countries to take protectionist measures; however, history shows that protectionism slows down international trade and aggravates the situation, as in the Great Depression, which eventually led to World War II. This experience should never be repeated. The way to steer the world out of the global economic crisis lies in the advancement of free trade, not protectionism, and it is essential to further strengthen the rules-based multilateral free trade system.

(2) Fighting protectionism — the origin of the free trade system

The concept of the multilateral free trade system was from the start designed as a bulwark against protectionism.

Amid the global depression triggered by the Wall Street stock market crash of 1929, each nation was inclined to restrict other nations' export opportunities, so as to protect their own domestic industries. The devaluation of exchange rates by one nation after another, coupled with the establishment of the U.S. Smoot-Hawley Tariff Act of 1930,¹ resulted in intense competition in raising tariffs among countries. The adoption of import quotas by France in 1931 induced other countries to take retaliatory measures, which severely pushed down the trade volume, and thereby resulted in an extended period of economic recession (Figure 2-3-1-1). The aggregate volume of global imports, which averaged \$2.9 billion on a monthly basis in 1929, declined to \$2.3 billion in 1930, \$1.7 billion in 1931, and \$1.1 billion in 1932, a sharp decrease of 70% over three years² (Figure 2-3-1-2). The rise of economic nationalism in each nation and the spread of bloc economies is said to have served as one of the factors giving rise to World War II.

Based on the lessons learned from these incidents, the GATT set the following four basic

¹ The U.S. Congress, in an attempt to curb the rise in unemployment by replacing imports with domestic production, enacted the Smoot-Hawley Tariff Act, an extremely protectionist law which accommodated the requests for protection of domestic industries producing goods competing with imports as well as other interest groups. Based on the Smoot-Hawley Tariff Act, the U.S. Government implemented measures such as slapping on high duties and imposing import restrictions. The Smoot-Hawley Tariff Act is often said to be the worst tariff act ever enacted by the United States, as it invited retaliatory tariff increases by other nations and thereby accelerated the Great Depression (Tamura (2006), *WTO Guidebook*)

² Kindleberger, C., *The World in Depression 1929–1939*

principles: (i) most-favored nation treatment, (ii) national treatment, (iii) the prohibition of quantitative restrictions, and (iv) the reduction of tariffs. Under the GATT framework, tariffs were reduced as much as possible on the basis of multinational negotiations between contracting parties, and the tariffs so reduced were applied equally to all contracting parties. These tariff negotiations are provided for in Article XXVIII bis of the GATT, and have proceeded in what have commonly been called “trade rounds”, through which the goal of expanding free trade has been pursued. Starting from the Geneva Round in 1947, a series of eight rounds, including the Uruguay Round in 1986-94, were successfully conducted (Figure 2-3-1-3), which accelerated the reduction in tariffs, mainly those on manufactured goods. In 1995, the WTO was established as a successor to the GATT and as a formal international organization with strengthened dispute settlement functions.

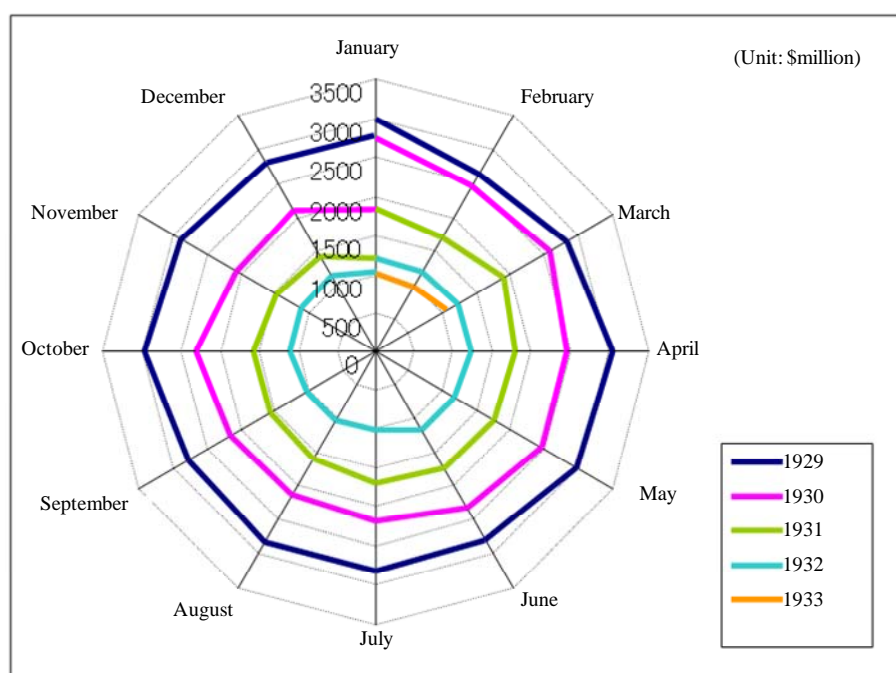
Figure 2-3-1-1 Trade volumes during the Great Depression (1929-1934)

Name of country	Year	Trade volume	Major protectionistic trade measures, etc.
Japan	1929	100	
	1930	74	
	1931	58	Abolition of gold-based monetary standard
	1932	39	
	1933	38	
	1934	52	
U.S.	1929	100	
	1930	73	Enactment of the Smoot-Hawley Tariff Act
	1931	47	(induced high tariffs and competition to raise tariffs)
	1932	31	
	1933	25	Abolition of gold-based monetary standard
	1934	42	Enactment of the Reciprocal Trade Agreements Act
Germany	1929	100	
	1930	83	
	1931	61	Introduction of exchange control and abolition of gold-based monetary standard
	1932	39	Adoption of increased tariff
	1933	34	Enhancement of exchange control, which has effect of restricting imports
	1934	32	
UK	1929	100	
	1930	83	
	1931	60	Abolition of gold-based monetary standard
	1932	40	Introduction of protective tariff system
	1933	37	Expansion and strengthening of imperial preferential tariff
	1934	41	
France	1929	100	
	1930	88	
	1931	67	Introduction of import quota system
	1932	46	(Retaliatory import quotas were implemented by European countries)
	1933	43	
	1934	38	

Note: The trade volume (dollar base; value of exports plus value of imports), is an index number, with a base value of 100 for 1929.

Source: *White Paper on International Economy and Trade, 1981* (Ministry of International Trade and Industry, Japan).

Figure 2-3-1-2 Changes in global trade volume for the period from 1929 to 1933



Note: Total volume of imports of 75 countries

Source: *The World in Depression 1929-1939* (Kindleberger, 1984).

Figure 2-3-1-3 Previous rounds of negotiations

	Year	Name	Number of participant countries/regions	Main subjects of negotiations
1st	1947	Geneva	23	Tariff concessions
January, 1948 GATT founded.				
2nd	1949	Annecy	13	Tariff concessions
3rd	1951	Torquay	38	Tariff concessions
4th	1956	Geneva	26	Tariff concessions
5th	1960-61	Dillon	26	Tariff concessions
6th	1964-67	Kennedy	62	Tariff concessions, AD
7th	1973-79	Tokyo	102	Tariff concessions, AD, subsidies and countervailing duty, government procurement, TBT, licensing, civil aircraft
8th	1986-94	Uruguay	123	Tariff concessions, AD, TRIPS, SPS, TRIMS, DSU, agriculture, services
January, 1995 WTO founded.				
9th	2001-	Doha	153	Agriculture, non-agricultural market access, development, regulations, services, trade facilitation

Note: The number of participating countries/regions is the number of members as of July, 2008.

Source: Prepared by the Ministry of Economy, Trade and Industry, Japan, based on data from *WTO Guide Book 2nd Edition* (Tamura, 2006), WTO website (number of member countries)

(3) Significance of the GATT-WTO framework

Under the Uruguay Round, in order to deal with the reality of accelerated globalization, rules relating to various new areas such as services and intellectual property rights were established in addition to the liberalization of tariffs on manufactured goods, and the multilateral trade regime was strengthened further by means such as improvements in the dispute settlement proceedings.

The Uruguay Round agreement greatly reduced the tariff rate on manufactured goods, building on considerable reductions under previous rounds (Figure 2-3-1-4). It was also decided that import quotas on the international trade of fibers and textiles, which the Multi Fiber Agreement (MFA) had allowed for some members, such as the U.S. and several European countries, as an exception to the GATT, would be eliminated from 2005. Major countries reached agreements on mutual elimination of tariffs in seven areas, including pharmaceuticals and construction machinery, and on a harmonized tariff ceiling for chemicals. The Uruguay Round was epochal in the sense that it succeeded in attaining a comprehensive agreement in agriculture, for which former rounds had attained only limited tariff reductions. The Uruguay Round agreement included agreements on tariffication (i.e. replacing non-tariff trade measures, such as import quotas, with tariffs) of almost all agricultural products, and the reduction of export subsidies and domestic agricultural subsidies.

Figure 2-3-1-4 Change in average tariff rate for mining and industrial products of major countries after Uruguay Round

		Japan	U.S.	EU	South Korea	Australia	Canada
Average tariff rate (%)	Before UR	3.8	5.4	5.7	18.0	20.0	9.0
	After UR	1.5	3.5	3.6	8.3	12.2	4.8

Notes:

1. Japan's average tariff rates are based on an estimate of the former Ministry of International Trade and Industry (excluding petroleum, forestry products and fisheries products).
2. Average tariff rates for other countries and regions are based on calculations by the GATT Secretariat (excluding petroleum).
3. The average tariff rate is based on the trade weight index.

Source: *Report on Compliance by Major Trading Partners with Trade Agreements-WTO, FTA/EPA, BIT-* (Ministry of Economy, Trade and Industry, Japan, 2008)

In addition, the WTO plays an important role in maintaining stability and predictability in international transactions, providing a system whereby international economic disputes can be resolved in accordance with trade rules through dispute settlement procedures, avoiding turning such disputes into political issues. Around 390 dispute cases have been referred to the dispute settlement proceedings since the WTO was founded in 1995,³ showing that the system has become established as a process to resolve economic disputes between countries in accordance with rules. Japan has been actively using the WTO dispute settlement proceedings to resolve economic disputes with other countries. For example, Japan made a request for consultations under the WTO dispute settlement proceedings in relation to a retaliatory tariff on automobiles imposed pursuant to Section 301 of the U.S. Trade Act in 1995.

The existence of the WTO has tremendously diminished the danger of protectionist measures. As a

³ As of April 2008 (WTO Website)

result, it has become difficult to implement conspicuous import restrictions like the tariff increases seen in the 1930s today.

2. Limitations of the present free trade system revealed by the economic crisis

(1) Increase in hidden protectionist measures

Protectionist measures include border measures, such as tariff increases, the introduction of import licensing procedures, the application of technical regulations on imported products, and abuses of trade-remedy actions such as anti-dumping measures and countervailing duties. In addition, policy measures for stimulating the economy and for providing financial support implemented by each country sometimes include measures that may lead to protectionism, such as giving priority to domestic products in government procurement, and giving financial aid only to domestic companies.

It is true that the protectionist measures implemented globally since the occurrence of the economic crisis in September 2008 (Figure 2-3-2-1) do not necessarily include many cases that would obviously contradict the WTO agreements. The protectionist nature of most such trade measures is concealed, by virtue of the ambiguity of details, or in the sense that such measures do not directly contravene WTO rules, even if they are clearly trade-restrictive. As an example of the former, official announcements by governments introducing technical regulations or import licensing procedures sometimes fail to clearly disclose the regulated products, the timing of the implementation of such measures, the details of the standards to be complied with, the purpose of the regulations and other information. Also, such official announcements are sometimes not accompanied by a sufficient grace period. Such ambiguity concerning trade measures also has an impact on investment activities. As an example of the latter, although a tariff increase is a trade-restrictive measure, if the effective tax rate⁴ is lower than the concession tax rate⁵ promised in the WTO agreements, a tariff rate increase that does not exceed the concession tax rate would not directly contravene WTO agreements. With regard to the introduction of technical regulations, the WTO TBT agreement provides that such technical standards to be introduced shall not be more trade-restrictive than necessary to fulfill a legitimate objective, but judging whether the measure complies with these conditions requires the consideration of various circumstances. In addition, with regard to investment restrictions, leaders reached an agreement not to raise any new barriers to investment or trade at the Summit on Financial Markets and the World Economy held in Washington⁶ during November 14–15, 2008, and again in London⁷ on April 2, 2009.

⁴ That is, the maximum tariff rate for WTO members, as promised in the schedules of concessions submitted to the WTO Secretariat.

⁵ That is, the tariff rate actually applied on imported goods.

⁶ Paragraph 13 of the Declaration states, “We underscore the critical importance of rejecting protectionism and not turning inward in times of financial uncertainty. In this regard, within the next 12 months, we will refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports.” This commitment was extended to the end of 2010 by the decision adopted at the London Summit in April 2, 2009.

⁷ Paragraph 22 of the Declaration states, “We reaffirm the commitment made in Washington: to refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions,

It is necessary to continue monitoring processes so as to deter measures that would have an adverse impact on investment. It is true that the present WTO agreements leave large room for nations to take protectionist measures. However, reaching an agreement in the Doha Round would contribute to narrowing such gaps.

(A) Example of a Tariff Increase

Ukraine passed a law to impose an additional tariff of 13% on imported goods, which came into effect in March 2009. As this measure has adverse material impacts on Japan's exports of automobiles, etc., the Japanese government has repeatedly requested early rectification by the government of Ukraine. The measure is in excess of the Ukrainian concession tax rate. However, the government of Ukraine asserts that the measure is permitted under the GATT, from the standpoint of the recovery of international balance of payments.

Russia, which is undergoing negotiations to accede to the WTO, raised import tariffs on cars and trucks in January 2009. Russia has also raised tariffs on various other products, including LCD TVs, plasma TVs, iron and steel products and agricultural machinery. As such measures contradict the decisions adopted at the Summit on Financial Markets and the World Economy (November 2008 and April 2009), the Japanese government has requested rectification, but Russia insists that such measures are tentative and unavoidable.

The EU has been considering a modification of the classification of tariffs on cellular phones since the end of 2008, which is substantially a tariff increase. For example, if the classification of "cellular phone with the function of a TV receiver" is modified to "TV receiver," such phones would be subject to an additional tariff of 14%. The Japanese government has requested that such modification of classification be dropped. Whether such changes in tariff classifications are permissible under the WTO agreements is a matter of dispute.

(B) Example of adoption of import licensing procedures

Argentina has introduced non-automatic import licensing procedures for various products, such as iron and steel products and fiber products. This measure may conflict with the relevant GATT provisions, which provide for general elimination of quantitative restrictions, and necessitates discussion on whether there are any legitimate grounds for permitting Argentina to implement such restrictions as an exceptional measure. As there have been some cases where companies' business activities were actually impeded by these measures, for example, through the refusal to grant import licenses to some companies, the Japanese government has requested that the government of Argentina give full explanations regarding the purpose of adopting such import licensing procedures, and that it should grant import licenses promptly.

or implementing World Trade Organisation (WTO) inconsistent measures to stimulate exports. In addition we will rectify promptly any such measures. We extend this pledge to the end of 2010."

(C) Example of tightening technical regulations on imports

In September 2008, the government of India announced that some iron and steel products would be subject to accreditation under India's industrial standards, and that import licensing procedures would apply to imports of some iron and steel products and automobile parts. The regulations caused production difficulties for manufacturers established with Japanese capital, which had used high-quality imported iron and steel products. The government of India, urged by multiple countries to reconsider the measures, announced that it would exempt some products from the application of technical regulations, and would suspend application to the remaining products for one year.

In January 2009, Indonesia announced that it would adopt technical regulations concerning some iron and steel products. Although some items subject to existing bilateral agreements, including the Japan-Indonesia Economic Partnership Agreement, will be exempt from the application of technical regulations, such regulations would have an impact on Japanese-owned manufacturers making the products in Indonesia, as in the case of Japanese-owned companies in India, mentioned above. The Japanese government has requested that the government of Indonesia reconsider the measure.

(D) Example of government procurement – Buy American provision

In February, 2009, the United States enacted the American Recovery and Reinvestment Act of 2009, containing so-called Buy American provisions, which provides that the iron, steel and manufactured goods to be used for public works should be domestic products. This provision, adopted notwithstanding strong protests raised by trade partners including Japan, the EU and Canada, provides that all of the iron and steel and manufactured goods to be procured for the public works implemented under the Act shall be limited to American products.⁸ Following the continued objections of other countries, the U.S. Congress inserted a clause stipulating that the Buy American provisions were to be implemented in a WTO consistent manner⁹ As a result, the parties to the Agreement on Government Procurement (GPA)¹⁰ of the WTO are exempted from the application of the provision. However, the provision is applicable to countries that are not parties to GPA, such as China, India, and Brazil. In addition, even if the provision does not directly constitute a violation of WTO agreements, the fact that the United States — a country expected to serve as a leader of liberalism — has taken such protectionist measures, may arouse concerns about a chain reaction including retaliation or concerted action by other countries, resulting in an adverse impact on international trade and the global economy in its entirety.

This provision was envisaged with the objective of preventing the leakage of economic stimulus measures implemented in response to the global economic recession. However, the envisaged political

⁸ The Act also contains provisions providing that textile products, such as clothing and tents, which are to be procured by the Department of Homeland Security, shall be limited to those produced in the United States.

⁹ The original text is "This section shall be applied in a manner consistent with United States obligations under international agreements."

¹⁰ The Agreement provides that a party thereto shall not, in connection with procurement of products and services by its government entities, treat any other parties in a discriminatory manner in favor of the party itself. The Appendix attached thereto shows scope and coverage of the Agreement, which varies depending on the parties thereto.

objectives may not necessarily be achieved, and such a measure risks causing medium- to long-term economic loss to the country implementing it. According to tentative calculations analyzing the economic effect of the provision (based on the initial draft of the Act),¹¹ switching all iron and steel products procured for public works to American products will increase the production of iron and steel products by 50 million metric tons; however, because of the capital-intensive nature of the iron and steel sector, this would only create job opportunities for one thousand people. Further, according to these calculations, switching all industrial products procured for public works to American products would generate job opportunities for approximately nine thousand people; however, if the twelve principal trade partners of the United States¹² take countermeasures that would result in a 1% decline of goods for public procurement exported from the United States, this would entail a loss of 6,500 jobs, and a 10% decline would entail a loss of 65,000 jobs. Thus, these tentative calculations suggest that, in regard to the Buy American provision, the potential decline in employment is greater than the potential for the creation of job opportunities.

(E) Trade-remedy actions such as anti-dumping (AD) measures

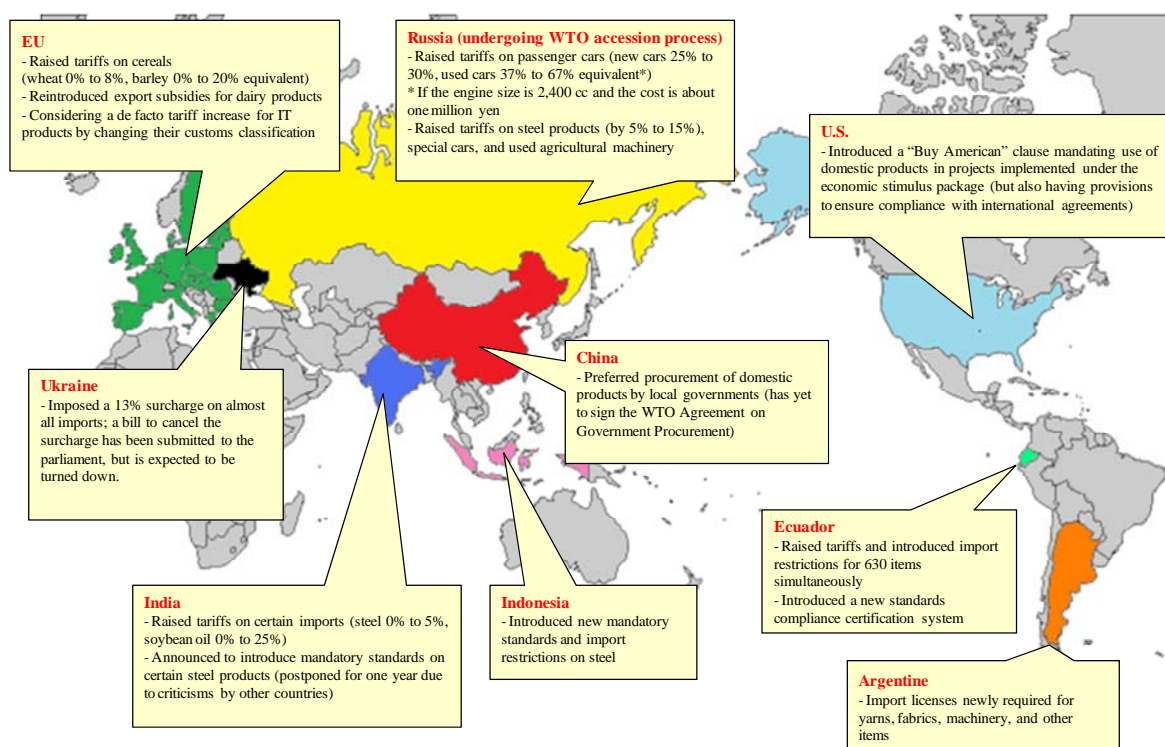
According to a WTO report, the initiation of new anti-dumping investigations increased by 27% in 2008, compared to 2007. The report also points out that the increase appears to be set to continue in 2009 (see Chapter III, Section 2). Although applying a trade remedy is an exercise of a right granted under the WTO agreements, there are concerns about such application being abused as a protectionist measure, since it has a strong effect as a de facto trade restriction in the form of imposition (or threat of imposition) of high tariffs. In particular, there is a serious problem with zeroing¹³ in that when this method is applied, some transactions would be regarded as dumping even where they would not be considered as such when assessed normally using the average export price.

¹¹ Hufbauer, Schott (2009), *Buy American: Bad for Jobs, Worse for Reputation*

¹² Australia, Canada, China, France, Germany, Hong Kong, Italy, Japan, South Korea, the Netherlands, Singapore, and the United Kingdom

¹³ Zeroing is a method used for calculating the dumping margin, which artificially inflates the dumping margin by only taking account of export transactions at prices lower than the domestic price, while disregarding those at prices higher than the domestic price.

Figure 2-3-2-1 Spread of protectionist trade measures



Note: As of May 8, 2009.

Source: Prepared by the Ministry of Economy, Trade and Industry, Japan, based on media reports, etc.

3. Deterring protectionism and enhancing the free trade system

(1) Commitment to the deterrence of protectionism

At the 1st Summit on Financial Markets and the World Economy held in Washington in November 15, 2008, the participants, being concerned about the spread of protectionism due to the economic crisis, agreed to "refrain from raising new barriers to investment or to trade in goods and services, imposing new export restrictions, or implementing World Trade Organization (WTO) inconsistent measures to stimulate exports" within the next 12 months. This commitment was reaffirmed at the APEC Leaders' Meeting held on November 22 and 23.

However, protectionist moves have not calmed down even after such meetings, owing to the worsening global financial and economic crisis. Moreover, the WTO ministerial conference slated for the end of 2008 was postponed. These circumstances resulted in increased momentum to seek to prevent the spread of protectionism. The WTO, reacting to such developments, established a scheme to monitor trade measures taken by each country, and the Director-General issued reports¹⁴ in January and March 2009. The report dated March 2009 estimated that the volume of world trade would contract in 2009 by 9% on a year-on-year basis, and pointed out the importance of preventing protectionist measures as they would accelerate a scaling down of world trade.

¹⁴ "REPORT TO THE TPRB FROM THE DIRECTOR-GENERAL ON THE FINANCIAL AND ECONOMIC CRISIS AND TRADE-RELATED DEVELOPMENTS"

At the 2nd Summit on Financial Markets and the World Economy held in London in April 2009 (London Summit), the leaders' resolution for anti-protectionism was articulated in the Joint Statement in a more specific manner. The statement included undertakings not to impose new trade or investment restrictions before the end of 2010, to rectify promptly any such measures, to minimize any negative impact on trade and investment caused by domestic policy actions including fiscal policy and action in support of the financial sector, to promptly notify the WTO of any measures, and to monitor members' adherence to these undertakings, as well as a strong commitment to concluding the Doha Development Round.

The Japanese government has taken action such as collecting information on measures taken by foreign governments which may restrict exports of Japanese companies, and has been making requests for rectification as necessary. However, in the wake of the economic crisis, measures taken by foreign governments that could have an impact on the economic activities of companies, including export restriction measures, have sharply increased. Under such circumstances, it has become necessary to take substantive action in a prompt and fair manner, such as confirming foreign laws and regulations serving as the basis for such measures, verifying whether such measures conform to international rules such as those established by the WTO, and making requests for rectification and suggesting proposals for alternative measures. As mentioned above, the WTO is also committed to strengthening its monitoring of trade measures. On January 31, 2009, Director-General Lamy of the WTO, at a meeting held in Davos with Minister Nikai of the Ministry of Economy, Trade and Industry, and Minister Ishiba of the Ministry of Agriculture, Forestry and Fisheries, asked Japan to assist by providing information. In response, the Japanese government has established a coordinated system of relevant organizations, including relevant ministries, overseas diplomatic offices and JETRO, thereby strengthening its ability to monitor protectionist measures.¹⁵

This enhanced monitoring system has identified approximately 130 cases of trade measures implemented by 30 countries, as of May 2009. In 24 of these cases, the introduction or proposed introduction of measures was found to have taken place after September 2008, in contradiction of the undertaking not to raise new barriers announced in the Leaders' Statement of the London Summit, and had an impact on the Japanese economy and/or Japanese companies' activities. These measures, including such measures as Argentina's introduction of import licensing procedures to a wide range of items, and India's increase of tariffs on iron and steel products, involved 9 countries. The Ministry of Economy, Trade and Industry published the list of identified cases on May 27. Some of the measures have already been rectified following requests to the relevant governments. With regard to the measures that have not been rectified, the Ministry of Economy, Trade and Industry intends to

¹⁵ More specifically, the government makes it a rule to identify the precise details of the measures taken by a foreign country by way of directly inspecting the announcement or official documents it publishes, based on the understanding that the issue of judging the existence of any problematic measures and details thereof shall be verified from objective materials. As it is important to precisely understand the backgrounds and political aims for the measures taken by counterpart countries, the government also has carried out information collection and analysis to identify their backgrounds and aims in a careful manner, and has taken actions such as making an individual request to each counterpart country, on the basis of collaboration among government offices and relevant government organizations. The government also provides WTO with the relevant information.

continue making requests for improvement to each country, in collaboration with related parties and government agencies.

In addition, since the end of 2008, protectionism has been an important topic at leaders' meetings. At the Japan-U.S. Summit Meeting between Prime Minister Aso and President Obama held on February 24, 2009, the two leaders reached an agreement that, in order to achieve a global economic recovery, deterrence of protectionism is crucial for both Japan and the United States. At meetings such as the Japan-China-South Korea Summit Meeting held on December 13, 2008, the Japan-South Korea Summit Meeting held on January 12, 2009, and the Japan-EU Summit held on May 4, 2009, the leaders also shared the same awareness of the necessity of deterring protectionism.

(2) Trade liberalization under the Doha Round

As pointed out thus far, the establishment of the WTO has effectively eliminated the possibility of trade-restrictive measures that would immediately stop imports, in the manner seen in the 1930s. However, in the meantime, companies have created borderless production networks, and links between the economic activities of countries have become deeper than ever. Protectionist measures introduced by one country would have immediate effects on all countries participating in the supply chain involving the production of the relevant product. Measures introduced in this way may seem unimportant at first glance; however, the resulting economic loss would be enlarged by a ripple effect in related countries. Therefore, although extremely restrictive trade measures are no longer likely to be taken today, the necessity for preventing protectionism has not lessened.

WTO agreements currently in effect leave large room to take protectionist measures. Currently, many countries set effective tax rates lower than the concession tax rate. However, according to some tentative calculations,¹⁶ if all WTO members increased their tariffs to the level of the concessionary tariff rate, the world's effective tariff rate would double and the world trade volume would decrease by 8%, incurring an economic loss of \$350 billion per annum. In order to narrow the possibility of taking such protectionist measures, the conclusion of the Doha Round is crucial. Moreover, the conclusion of the Doha Round will enable a strengthening of regulations on protectionist measures, including measures such as anti-dumping tariffs and the provision of subsidies.

A failure to reach an agreement under the Doha Round, which has been described as 80% complete,¹⁷ risks triggering a chain of concerted or retaliatory actions, and a failure to curb in a timely manner the domino effect of protectionist measures. Meanwhile, further tentative calculations¹⁸ show that when the Doha Round has been concluded, there will be savings in the order of at least \$150 billion in tariffs per annum for the global economy, helping the world to find a way out of the economic crisis through an expansion of trade. The conclusion of Doha would thus be a significant step towards attaining economic growth through the prevention of protectionism and revitalization of trade and investment. Negotiations on the Doha Round have been ongoing for seven and a half years,

¹⁶ Bouet, and Laborde (2008), *The Potential Cost of a Failed Doha Round*

¹⁷ Remarks of Mr. Lamy, WTO Director-General, at the World Economic Forum Annual Meeting held in Dabos, Switzerland, in January 31, 2009 (WEF Website)

¹⁸ Lamy (2008), http://www.wto.org/english/news_e/sppl_e/sppl97_e.htm

and a prompt conclusion of the round, taking into account the progress made to date, is vital (see Chapter III, Section 2).